

Name: _____

Date: _____

Chapter 9 Project

Paying It Back

Let’s assume that in order for you to get your higher education degree, you have decided to finance the entire cost of going to school. The following worksheet will guide you through a rough estimate of how you will pay back the money that you borrow over the course of your studies. At each step, you will be asked to choose the path that you would like to follow.

Step 1: Where will you go? Choose one of the institution types listed below that you will be attending to get your degree.

- ☐ Two-year community college
- ☐ In-state four-year public institution
- ☐ Out-of-state four-year public institution
- ☐ Private nonprofit four-year institution

Step 2: How fast will you finish? Deciding which courses to take each semester can be a daunting task. For the sake of this project, we will only consider how many credit hours you will take each semester, not which ones they are. The table below shows several options for the number of credit hours you will take each semester along with how long it will take you to graduate at that rate. Determine the number of years it will take for you to receive your degree based on the course load you plan to take for each semester.

Course Load	2-year Community College (a 60-credit-hour degree)	4-Year College (a 120-credit-hour degree)
Part-time: 6 credit hours per semester	5 years to graduate	10 years to graduate
Full-time: 12 credit hours per semester	2.5 years to graduate	5 years to graduate
Full-time: 15 credit hours per semester	2 years to graduate	4 years to graduate

Choosing the number of credits to take each semester is not a decision made in a vacuum. Many factors contribute to the decision. Describe at least two different factors that affect your choice between being a part-time student and full-time student.

1.
2.

Considering all the factors that influence your ability to attend college, decide whether you will be a part-time or full-time student. Based on this decision, fill in the blank below.

Number of years it will take for me to graduate: _____

Step 3: What will it cost per year? The following chart, based on The College Board's estimates, shows the annual cost for undergraduate students in 2014–15 when tuition, transportation, and living expenses are factored in.

	Annual Tuition & Fees	Other Expenses*	Annual Total
2-Year Community College			
Part-time	\$ 1,673.50	\$ 12,978.00	\$ 14,651.50
12 hour full-time	\$ 3,347.00	\$ 12,978.00	\$ 16,325.00
15 hour full-time	\$ 3,347.00	\$ 12,978.00	\$ 16,325.00
In-state 4-year public			
Part-time	\$ 4,569.50	\$ 14,271.00	\$ 18,840.50
12 hour full-time	\$ 9,139.00	\$ 14,271.00	\$ 23,410.00
15 hour full-time	\$ 9,139.00	\$ 14,271.00	\$ 23,410.00
Out-of-state 4-year public			
Part-time	\$ 11,479.00	\$ 14,271.00	\$ 25,750.00
12 hour full-time	\$ 22,958.00	\$ 14,271.00	\$ 37,229.00
15 hour full-time	\$ 22,958.00	\$ 14,271.00	\$ 37,229.00
Private nonprofit 4-year			
Part-time	\$ 15,615.50	\$ 15,041.00	\$ 30,656.50
12 hour full-time	\$ 31,231.00	\$ 15,041.00	\$ 46,272.00
15 hour full-time	\$ 31,231.00	\$ 15,041.00	\$ 46,272.00

* Other Expenses include Room & Board, Books & Supplies, Transportation, and Personal Expenses

Using your choices in Steps 1 and 2, determine the yearly cost of attendance for your degree.

Cost per year for my degree: _____

What do you notice about the difference in cost between taking 12 hours and 15 hours per semester?

Why do you think students would choose to take 12 hours over 15 hours per semester? Explain your answer.

Step 4: What will it cost all together? Assuming that the cost of attending your college remains the same over the time you are there, use your choices from the previous steps to determine the total cost of your education. (Notice that the cost estimates given in Step 3 are per year estimates.)

Total amount to be financed over the length of the degree: _____

Name at least one way it is possible for you to reduce the cost of your education based on the figures above. Compare the costs of this way to your chosen path.

Step 5: How much will I make? Once you've graduated with your degree, it's time to find a job. The following is a list of possible annual gross salaries based on entry-level positions with certain degrees. Choose one of the careers listed below that most closely resembles your chosen degree. <http://www.payscale.com/index/US/Degree> 2/10/2016

\$56,600 Bachelor of Science (BS / BSc), Computer Science (CS)
 \$36,000 Bachelor of Education (BEd)
 \$57,200 Bachelor of Engineering (BEng / BE), Electrical Engineering (EE)
 \$44,500 Associate of Business Administration (ABA)
 \$35,000 Bachelor of Arts (BA), Graphic Design Degree
 \$38,000 Bachelor of Science (BS / BSc), Sociology Degree
 \$34,000 Bachelor of University Studies (BUS) Degree
 \$37,600 Bachelor of Liberal Arts (BLA) Degree
 \$40,700 Bachelor of Business Studies (BBS) Degree
 \$33,400 Bachelor of Arts (BA), Public Relations (PR) Degree
 \$62,000 Associate of Applied Science (AAS), Aviation Maintenance Technology Degree
 \$58,000 Bachelor of Science in Nursing (BSN) Degree

Annual Gross Salary: _____

Step 6: How big will my paycheck be? We would all like to keep every cent we earn, but as a member of society, we must pay our taxes in order for the community we live in to function. Of course there are other amounts that are also deducted from your paycheck, but for now, we'll just deduct federal and payroll taxes from your check. Use the following tax percentages to calculate your monthly net income.

Monthly gross salary: (annual gross salary divided by 12) _____

Federal and state taxes: (15% of your monthly gross salary) _____

Payroll taxes: (7.65% of your monthly gross salary) _____

Monthly net income: _____

Step 7: How much must I pay back each month? In general, students are often allowed to have their loan repayments capped at no more than 10% of your monthly **gross** income. Determine the maximum monthly payment you would be required to make towards your loan using this guideline.

Maximum monthly payment: _____

Use a website such as www.studentaid.ed.gov to get a current annual APR for student loans.

Select a suitable loan rate to finance your desired degree: _____

(List your source here: _____)

Using the APR you found, calculate the monthly payments for 8, 10, and 15 years. Show your work.

Monthly payment over 8 years: _____

Monthly payment over 10 years: _____

Monthly payment over 15 years: _____

Which of these payment amounts falls within the 10% guideline? If all of the payments are more than the 10% guideline, how many years will you need the loan to be for in order for the payments to be under 10% of your monthly gross income?

How many years will it take for you to pay off the loan assuming that you make the maximum 10% payment each month?

Calculate the total cost of financing your education: _____

Having finished all of these calculations, what would you do differently if you could start over from the beginning? Why?